

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)	
GAS COMPANY, INC. FOR AN ORDER)	
AUTHORIZING THE ISSUANCE OF UP TO)	CASE NO. 91-084
\$10,000,000 OF LONG-TERM DEBT)	

O R D E R

On March 20, 1991, Delta Natural Gas Company, Inc. ("Delta") filed an application seeking authority to issue and sell up to \$10,000,000 in long-term debt. The interest rate applicable to the debentures, to be negotiated at the time of initial marketing, would approximate 80 to 85 basis points over the 30 year U.S. Treasury Securities, with a maturity of 20 years. The proceeds would be used to retire all or a portion of Delta's existing variable rate short-term bank debt, which debt was in the amount of \$10,245,000 as of January 31, 1991, and was incurred to fund capital expenditures and general operating expenses.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by Delta of up to \$10,000,000 in debentures are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Delta be and it hereby is authorized to issue and sell up to \$10,000,000 in debentures.

2. Delta shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

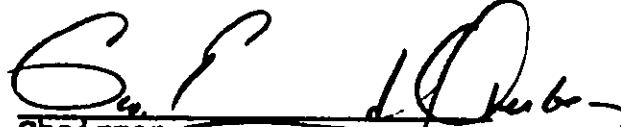
3. Delta shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

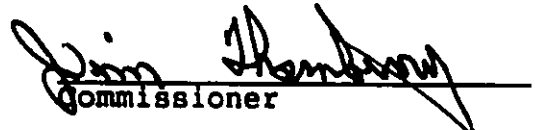
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 4th day of April, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director